

Message Text

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FM AMEMBASSY NEW DELHI

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C O N F I D E N T I A L NEW DELHI 13700

LIMDIS

E.O. 11652: GDS

TAGS: PINT, PFOR, IN

SUBJECT: OCTOBER 10 CABINET RESHUFFLE

SUMMARY: PRIME MINISTER GANDHI'S CABINET RESHUFFLE WAS DESIGNED TO PUT HER MORE COMPETENT MINISTERS IN CHARGE OF THE CRITICAL ECONOMIC PORTFOLIOS AND REALIGN THE ECONOMIC FUNCTIONS WITHIN THE CABINET. FOREIGN POLICY CONSIDERATIONS DID NOT APPEAR TO PLAY A ROLE IN THE RESHUFFLE. THE BASIC IDEOLOGICAL, REGIONAL, AND RELIGIOUS COMPOSITION OF THE CABINET REMAINS THE SAME AS DOES THE APPARENT POLITICAL INFLUENCE OF HER SENIOR CABINET COLLEAGUES.. THE RESHUFFLE PROVIDES NO ADDITIONAL CLUES AS TO WHETHER MRS. GANDHI WILL CALL FOR PARLIAMENTARY ELECTIONS IN EARLY 1975. END SUMMARY

1. MRS. GANDHI'S OCTOBER 10 CABINET RESHUFFLE WAS DESIGNED TO TRANSFER THE IMPORTANT ECONOMIC MINISTRIES TO MORE COMPETENT HANDS AND TO REALIGN CABINET ECONOMIC FUNCTIONS. THE CRUCIAL AND UNANSWERED QUESTION IS WHETHER MRS. GANDHI WILL GIVE HER NEW ECONOMIC MINISTERS THE LEEWAY AND POLITICAL SUPPORT THEY WILL NEED TO INTRODUCE EFFECTIVE ECONOMIC POLICIES. THERE IS NO EVIDENCE THAT THE RESHUFFLE SIGNIFIES ANY CHANGE IN INDIA'S FOREIGN POLICY.

1. MRS. GANDHI'S MAIN PROBLEMS IN EFFECTING THE RESHUFFLE WAS
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TO PERSUADE RAM TO GIVE UP HIS PRESTIGIOUS DEFENCE MINISTRY

PORTFOLIO AND TAKE OVER AGRICULTURE. RAM HAD REFUSED THE TRANSFER IN FEBRUARY. THIS TIME HER APPEALS WORKED. AS AN ABLE, EXPERIENCED, AND INNOVATIVE ADMINISTRATOR WITH POLITICAL STRENGTH, RAM IS FAR BETTER EQUIPPED THAN HIS WEAK PREDECESSOR TO PROVIDE AGRICULTURE THE RESOURCES AND ATTENTION IT SO CRITICALLY NEEDS. HE WILL ALSO HAVE RESPONSIBILITY FOR IRRIGATION, A DEPARTMENT FORMERLY IN THE MINISTRY OF IRRIGATION AND POWER.

3. RAM'S SHIFT TO AGRICULTURE SET THE STAGE FOR A GAME OF MUSICAL CHAIRS AT THE SENIOR CABINET LEVEL. HIS JUGGLING ACT WAS PRINCIPALLY DESIGNED TO MOVE CHAVAN FROM FINANCE SWARAN SINGH'S TRANSFER TO THE VACATED DEFENCE MINISTRY AND CHAVAN'S TRAFFER TO EXTERNAL AFFAIRS SATISFIED PRESTIGE REQUIREMENTS AND RECOGNIZED CHAVAN'S STRONG POLITICAL INFLUENCE. MRS. GANDHI FILLED THE FINANCE VACANCY WITH THE DYNAMIC, PRAGMATIC CABINET WORKHORSE, C. SUBRAMANIAM. HIS IMPRESSIVE CREDENTIALS INCLUDE FORMER ASSIGNMENTS AS FINANCE MINISTER IN MADRAS STATE AND FIVE ECONOMIC MINISTRIES IN THE UNION: STEEL, HEAVY DEVELOPMENT, FOOD AND AGRICULTURE, PLANNING, AND INDUSTRIAL DEVELOPMENT.

4. MRS. GANDHI ALSO USED THE RESHUFFLE TO PILE MORE WORK ON THE COMPETENT FORMER FINANCIER, T.A. PAI. PAI'S MINISTRY OF HEAVY INDUSTRY WAS ENLARGED TO RECEIVE INDUSTRIAL DEVELOPMENT (FORMERLY UNDER SUBRAMANIAM), CIVIL SUPPLIES (FORMERLY DIVIDED BETWEEN THE FOOD CORPORATION OF INDIA AND THE MINISTRY OF SUPPLY AND REHABILITATION), AND TEMPORARILY, SCIENCE AND TECHNOLOGY. DURING HIS RELATIVELY SHORT TENURE AS MINISTER OF HEAVY INDUSTRIES, PAI HAS MANAGED TO ACHIEVE THE FIRST PROFITS IN THIS TRADITIONALLY TROUBLED PORTION OF THE PUBLIC SECTOR. LIKE SUBRAMANIAM, HOWEVER, PAI HAS NO POLITICAL ASSE OF HIS OWN. THE SUCCESS OF THESE TWO SOUTH INDIAN TECHNOCRATES DEPENDS ON THE DEGREE OF FREEDOM AND POLITICAL SUPPORT MRS. GANDHI GIVES THEM.

5. THE PRIME MINISTER HAS ALSO GIVE DUE RECOGNITION TO FORMER MINISTER OF STATE FOR IRRIGATION AND POWER K.C. PANT'S TALENTS BY GIVING HIM THE NEW ENERGY PORTFOLIO. HIS MINISTRY WILL ALSO BE RESPONSIBLE FOR COAL. THE CHEMICAL AND PETROLEUM MINISTRY WILL GO TO LEFTIST K.D. MALAVIYA, D.P. DHAR WILL REMAIN AT THE PLAN-
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NING MINISTRY. EX-CPI MEMBER CHANDRAJIT YADAV, THE NEW STEEL AND MINES MINISTER, IS AN INEXPERIENCED ADMINISTRATOR WHO TAKES OVER A TROUBLED PORTFOLIO. THE AGING (74) DIKSHIT WILL REMAIN IN SOUTH BLOCK AS MINISTER WITHOUT PORTFOLIO, AND PERFORM DOMESTIC POLITICAL TASKS FOR THE PRIME MINISTER. HIS LENGTHY CLOSE PERSONAL ASSOCIATION WITH THE NEHRU FAMILY AND MRS. GANDHI ENSURES THAT HIS INFLUENCE WILL CONTINUE. ANDHRA POLITICIAN AND EX-COMMUNICATIONS MINISTER BRAHMANANDA REDDY ASSUMES CHARGE OF A HOME

MINISTRY THAT SOME TIME AGO LOST ITS INTELLIGENCE AND PERSONNEL FUNCTIONS TO THE POWERFUL CABINET SECRETARIAT WHICH IS UNDER THE DIRECT CONTROL OF MRS. GANDHI.

6. THE OCTOBER 10 RESHUFFLE GENERALLY MAINTAINED THE PREVIOUS REGIONAL, POLITICAL, AND RELIGIOUS BALANCE IN THE CABINET. THE NEW ASSIGNMENTS DO NOT REFLECT ANY CHANGES IN THE POLITICAL INFLUENCE AT THE SENIOR CABINET LEVEL. THE RESHUFFLED INDIAN COUNCIL OF MINISTERS RETAINS BASICALLY THE SAME IDEOLOGICAL BALANCE AS BEFORE, ABOUT 10 PERCENT, INCLUDING DHAR, MALAVIYA, RAGHUNATHA REDDY, GANESH, CHATTOPADHYAYA, GUJRAL, HUSAIN, K.N. SINGH, ARE DECIDEDLY LEFTISTS. LEFTIST YADAV'S ENTRANCE INTO THE CABINET HAS BEEN OFFSET BY RIGHTIST M.P. A.P. SHARMA'S APPOINTMENT AS MINISTER OF STATE FOR INDUSTRIES AND CIVIL SUPPLIES. MUSLIM REPRESENTATION IS STILL DOWN BY ONE CABINET MINISTER. GIVEN CONGRESS PRIVILEGED POSITION AMONG THE MUSLIM ELECTORATE, MRS. GANDHI WILL PROBABLY MOVE SOON TO APPOINT A MUSLIM TO FILL THE MUSLIM CABINET SLOT VACATED BY FAKRUDDIN ALI AHMAD.

7. EARLY PARLIAMENTARY ELECTIONS: MRS. GANDHI'S CABINET RESHUFFLE WAS MODEST ENOUGH TO PERMIT HER TO CALL A SNAP ELECTION EARLY NEXT YEAR. IT IS STILL POSSIBLE--BUT NOT LIKELY--THAT THE MIX OF ECONOMIC AND POLITICAL FACTORS OUTLINED IN NEW DELHI 12253 WILL MOVE HER TO DECIDE CONGRESS' CHANCES WILL BE BETTER IN 1975 THAN 1967. MOYNIHAN

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